
Chinese Economic History in Comparative Perspective

Economics 4534, Fall 2015

MWF HLMS 141

9:00-9:50 a.m.

For the past three decades, China has been the most rapidly growing economy in the world. Yet, despite its historical advances in science and government administration, it was Britain and Europe that modernized first. Why was economic progress in China hindered for long? How can we understand the rise of China as a major power, the long-run implications of the historical period, and the challenges it still faces as it seeks to modernize its economy? This course selectively surveys key elements of the economy, state, and society of China starting from the 17th century to today. Topics of focus include education, kinship and lineage organization, demography, living standards, property rights, foreign trade, capital and commodity markets, local versus central governance, and public finance. The comparative approach is used in this course as a strategy for understanding how differences in the historical determinants of growth helps to explain why China and Europe developed along different growth trajectories. In addition, we will investigate the implications of China's historical legacy as well as institutional changes that have aided China's economic performance in the contemporary period.

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Prerequisites: Econ 3070 or 3080, Intermediate Micro or Intermediate Macro.

Textbooks

Chapters from the following texts will be assigned as background reading. The texts have been ordered at CU Bookstore; used copies can also be found at Amazon.com and other bookstores.

- *Modern China: Continuity and Change, 1644 to Present*, by Bruce Elleman and S.C.M. Paine (Pearson, 2009). Provides broad historical background of the Qing (1644-1911) with a political/military focus; contains useful tables, maps, and figures describing major events.
- *The Chinese Economy, Transitions and Growth*, by Barry Naughton (MIT Press, 2007). An excellent overview of the nature of economic reforms implemented by the CCP since 1978.

Course Requirements and Evaluation

Classes will be a combination of lecture, student presentations, and in-class discussion and data exercises. The success of the class depends heavily on student participation, as I intend to run our meetings similar to a seminar or a study-group. The following will be used in determining course grades.

Presentation of readings on syllabus	30 %
Data analysis written report	25 %
Final exam	30 %
Participation, in-class exercises	15 %

Final Exam: The final is a take-home exam due on or before the end time of our CU scheduled final (Dec. 14 at 10 p.m.). The questions will be distributed on the last day of class.

Student presentation: Students will take turns presenting readings and articles on the syllabus. Each presentation should be about 25 minutes long, summarizing the content of the article. As part of your presentation, prepare 3 questions for class discussion. Slides for the presentation should be emailed to me at least one hour before the start of class. Those not presenting should be prepared to ask questions and participate in the discussion of the article. I will post everyone's presentation on D2L. At the end of the course we will have created a "course notebook" to which everyone has contributed, consisting in part of your notes and slides. This course notebook will be will valuable for writing the final exam, and will also demonstrate the positive contributions of joint work.

Data analysis report: A significant number of the readings demonstrate how quantitative methods can shed light on history. For this requirement, you will be given access to historical data on China, drawn from various sources. The aim of your analysis is to examine patterns or trends in the data, present your findings in a coherent fashion, and discuss what your results imply about China's economy during the relevant period. The report should be 10 typed pages (double spaced) in length, including all references and Tables and Figures. Students should organize in groups of 3 and hand in a 1-paragraph statement of your topic by October 2. A preliminary draft is due on November 11. I will be scheduling meetings with groups during the week of November 16-20 to discuss your preliminary draft. The report is due in class on Dec. 11, and each group will give a 5-8 minute summary for the class that day.

Participation, In-class exercises: These will consist of short writing exercises about the reading assignment for that day, which you will then be able to share with the class. We will also have data exploration sessions. Grading is simple: check, check-plus, or zero.

Attendance: You should plan to come to class unless you are ill. Excessive absences (more than 4) will affect your course grade.

Policies: For class policies on student disabilities, see: <http://www.colorado.edu/disabilityservices>. Policies on religious observance are at http://www.colorado.edu/policies/fac_relig.html. Students and faculty each have responsibility for maintaining an appropriate learning environment. See [policies at http://www.colorado.edu/policies/classbehavior.html](http://www.colorado.edu/policies/classbehavior.html). Policies regarding discrimination and equity will be upheld: <http://www.colorado.edu/odh> and <http://www.colorado.edu/institutionalequity/policies>. All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity [policy](#) of this institution. Violations of this [policy](#) may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. See <http://www.colorado.edu/policies/honor.html> for information on the Honor Code.

Topic Outline and Reading List

Please note: Readings are subject to change, depending on the speed at which we will progress through the semester. We will also be reading translations of historical documents, which will be made available in class or via D2L. Note: the reading list is intentionally long. It is as much a topic outline as a springboard for interested students to continue further learning on China even after the semester is over. To do well on the exams, target your readings to each topic, reading to achieve depth of understanding in a number of topics. Readings with a * will be placed on D2L. All other readings are accessible through CU's library website.

Part I. Overview

1— Economic History and the Problem of Development

Why study history? Why is the subject interesting and challenging at the same time? What can we learn from economic history and its methodological approaches? What can China teach us about "Why are some nations so rich and others so poor"? What is modern economic growth? What is the Great Divergence? When did Western Europe forge ahead of other countries of the world? What does human development indices reveal about China's level of development in the recent past?

- (8/26)*Angus Maddison, *Chinese Economic Performance in the Long-run*, 1998, pp. 13-30.
- (8/26)*R. Bin Wong, "Economic Change in Late Imperial China and Early Modern Europe", Ch. 1 in *China Transformed*, pp. 13-32.

2—Introduction to the social organization and intellectual traditions of China

What is the story of the origin of Chinese civilization? When and where did settled agriculture begin in China? How was the Qing government structured? What was the geographic reach of the Qing empire? What are some of the intellectual traditions of China? What factors contributed to the stability and longevity of dynastic rule? How was society organized? Who were the "actors" and what roles did they have? What are some of the intellectual traditions of China?

- (8/28) Elleman and Paine, Ch. 1 and 2
- (8/31) *Cambridge History of China, Vol. 9, Ch. 9 "Social Stability and Social Change", pp. 473-562, by W. Rowe.

Part II: Determinants of Economic Development

3—Education and Human Capital Accumulations

Education is on the upswing in China today, but the tradition of learning nevertheless has deep roots in Chinese history. What is the origin of the examination system that inculcated the scholarly official? Who took the civil service examinations? What were the levels of the system? What was the content of the curriculum and the examinations? Was it a meritocratic system that promoted social mobility or was it an rarified system that admitted only the elite? What is the relationship between the civil service examinations, the wealthy gentry class, and the state?

- (9/2) Background reading: Elleman and Paine, Ch. 4.
 - Naughton, pp. 195-198;
 - NYTimes article: "Next Made-in-China Boom: College Graduates", Jan.16, 2013.
- (9/2) *Reading Historical texts: Confucius and Classical texts
- (9/4) Exploring genealogies: data download from D2L
- (9/4) *Excerpts from C.L. Chang, "The Chinese Gentry"
- (9/9) *C.H.Shiue, "Human Capital and Fertility in Chinese Clans Before Modern Growth"

(9/11)--No class

4—Lineage and Clan Organization

What economic functions did the lineage have? What implications might household structure have for trade? How might labor markets be affected under lineage versus non-lineage regimes? What has happened to the clan and lineage since the Communist Revolution? Is there any counterpart to the idea of the extended family in Europe?

- (9/14) Background reading: Elleman and Paine, Ch. 3
 - *Excerpts from C.K. Yang, "The Chinese Family in the Communist Revolution"
 - John Hajnal, "Two kinds of pre-industrial household formation system," *Population Development Review*, Sept 1982.
- **(9/16) Student Presentation:** David Faure: The Lineage as a Cultural Invention: The Case of the Pearl River Delta", *Modern China*, Vol. 15, No. 1 (Jan., 1989), pp. 4-36
- **(9/18) Student presentation:** "Merchant Lineage in Coastal Jinjiang, Quanzhou Prefecture during the Qing Dynasty" *Front. History China*

5—Law and Property Rights in Imperial China--Legal code

Secure property rights are considered critical for economic transactions to take place—what was the nature of property rights in the traditional economy? What is the sense in which the rights were secure? How are these issues distinct from the concerns about property rights in European monarchies, and yet still related to the Great Divergence?

- (9/21) *Reading Historical texts: the Great Qing code
 - North and Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in 17th Century England," *Journal of Economic History*, Dec. 1989.
- **(9/23) Student presentation:** Debin Ma, "Law and Economy in Traditional China", CEPR Working Paper, 2011. http://personal.lse.ac.uk/mad1/ma_pdf_files/DP8385.pdf

6—Public Finance—Tax Revenues and Public Goods Provision

How does the public finance of the Chinese state compare and contrast with European states? What were the sources of tax revenue for the central and the local Qing government? What issues did the imperial state have in collecting taxes? What did this imply for public goods provision? How were public goods provided? The issues are still problematic to contemporary Chinese development.

- (9/25) **Cambridge History of China*, Ch. 4, "The Yung-cheng Reign" by Madeleine Zelin.
 - Phil Hoffman, "What do States Do? Politics and Economic History," *Journal of Economic History*, June 2015.
 - Naughton, pp. 430-440, Sections 18.2, 18.3.
- (9/28) C.H. Shiue, "The Political Economy of Famine Relief in China, 1740-1820," *Journal of Interdisciplinary History*, Summer 2005, 36(1), pp. 33-55.

7—Rebellion and Social Conflict

What were the nature of conflicts that gave rise to rebellions, and how did they change over the late Qing? How are Chinese protests distinctive relative to Western protests? Are there any similarities to recent conflicts, such as the Tiananmen Square protests of 1989.

- (9/30) Elleman and Paine, Ch. 6, “Systemic Crisis and Dynastic Decline”
- (9/30) *Sections from Ho-Fung Hung, *Protest with Chinese Characteristics* (2011).
- (9/30) Naughton, pp. 98-100 “The Tiananmen Interlude”.
- **(10/2) Student presentation:** Ruixue Jia and Ying Bai, “Elite Recruitment and Political Stability”
https://drive.google.com/file/d/0B_IGNeKdKFQxbIRZNXd4YzINaEE/view

8—Foreign Imperialism and the Foreign Presence in the 19th Century

What was the economic impact of the opening of China to Western trade by the British at the end of the Opium Wars? What was the Treaty Port System and how long did this system last? Did the foreign presence have long term impacts that can still be felt?

- (10/5) Elleman and Paine, Ch. 7, “Expanding Commercial Relations with the West”
 - Naughton, Ch. 16-17.
- (10/5) *Reading historical texts--Opium Wars and the Treaty of Nanjing
- (10/5) *Reading historical texts--Qianlong and Lord McCartney
- (10/7) Wolfgang Keller, Ben Li and Carol H. Shiue, “China’s Foreign Trade, Perspectives from the Last 150 Years”, *The World Economy*, June 2011, 34(6), pp. 853-892.
- (10/9) Exploring data on foreign trade; download from D2L

Part III. Long-run Comparisons: Demographic Outcomes, Market Performance, Productivity, and Wages

What are the prominent characteristics of China’s economy before 1800? Who were the major economic agents and what relationship did they have with each other? What were the main features of public and private economic institutions of this period? How might political and social institutions have determined the efficiency of the economy and its capacity for growth?

9—Demographic Outcomes: Population Growth

What does the Malthusian model imply about population dynamics in premodern times? What were the quantitative trends in subsistence, fertility, mortality, and marriage in China? What accounts for differences between Asian and European demographic patterns? Was China poor because of exceptionally high fertility rates or is this a myth? What is the historical impact of female infanticide?

- (10/12) *James Z. Lee and Wang Feng. Part II in *One Quarter of Humanity: Malthusian Mythology and Chinese Realities, 1700-2000* (Harvard UP, 1999).
 - Naughton Ch. 7.
- **(10/14) Student presentation:** Zhongwei Zhao, “Demographic Conditions and Multi-generation Households in Chinese History, Results from Genealogical Research and Microsimulation,” *Population Studies*, 48(3), Nov. 1994.

How has the continued preference for male children in contemporary society, combined with the one-child policy, impacted society and economic incentives? What are some of the implications of an excess of 30 million men over women at age 25 or below?

- **(10/16) Student Presentation:** Shang-Jin Wei, Xiaobo Zhang, “The Competitive Saving Motive: Evidence from Rising Sex Ratios and Savings Rates in China”, *Journal of Political Economy*, 119(3), June 2011: pp. 511-564

10—Commerce and Commodity Market Integration

What is the significance of commerce? What types of Chinese institutions were responsible for

supporting trade? What does the Law of One Price say about trade and market integration? From this perspective, were Chinese markets as integrated as European ones as late as 1800, and what might this imply about the causes of growth?

- (10/19) <http://www.learn.columbia.edu/nanxuntu/html/economy/index.html>
- (10/19) **Cambridge History of China*, Chapter 10: "Economic Developments, 1644-1800" by Meyers and Wang.
- (10/21) C.H. Shiue and Wolfgang Keller, "Markets in China and Europe on the Eve of the Industrial Revolution," *The American Economic Review*, September 2007, 97(4). pp. 1189-1216.
- (10/23) Exploring grain price data; download from D2L.
- **(10/26) Student presentation:** Ping-ti Ho, "The Salt Merchants of Yang-chou: A Study of Commercial Capitalism in Eighteenth-Century China." *Harvard Journal of Asiatic Studies*, 1954, 17: 130-68.

11—Capital Market Integration and World Financial Markets

What is the role of capital markets to economic growth? How do costs of capital affect incentives to invest? When did China begin to enter global financial markets, and what lessons can be learned from historical episodes of globalization?

- (10/26) *Wolfgang Keller and C.H. Shiue, "A Comparison of Capital Markets in China and Britain"
- (10/26) Naughton, pp. 460-467 on "Banking" and pp. 139-148 on "Foreign Direct Investment".
- **(10/28) Student presentation:** William N. Goetzmann et al. "China and world financial markets 1870-1939: Modern lessons from historical globalization"

12—Agricultural Productivity and Rural Industry

Was agricultural labor productivity in the advanced areas of Asia comparable to productivity in England? What were the sources of technological change in agriculture in China? What are the implications for the trends observed over time from the 17th to the 19th century in agriculture?

- (10/30) **Family, Field, and Ancestors*, Ch. 4 "Agriculture: An Overview"
 - Naughton, Ch. 6 "Growth and Structural Change" and Ch. 11 "Agriculture".
- **(11/2) Student presentation:** Robert Allen, "Agricultural productivity and rural incomes in England and the Yangtze Delta, c.1620–c.1820", *The Economic History Review* 62 (3), 2009.

13—Comparisons of Living Standards

How can we arrive at a comparison of living standards in China versus in Europe in the pre-modern economy? What would such comparisons indicate about economic development, education, and health and living standards? What are the strengths and weaknesses of a wage comparison? What has happened to living standards over the long-run?

- **(11/4) Student presentation:** Robert Allen et al. "Wages, prices, and living standards in China, 1738-1925: in comparison with Europe, Japan, and India." *Economic history review*, 64 (s1), 2011.
- **(11/6) Student presentation:** Stephen L. Morgan, "Stature and Economic Development in South China, 1810-1880," *Explorations in Economic History*, 46(1), 2009.
- Naughton, Ch. 9.

Part IV. Explanations

14—The Great Divergence in Incomes of the 18-19th century

Why did Europe (and in particular England) industrialize first in the 18th century, despite China's apparent

early lead? Which factor or factors (i.e. the determinants of growth)--such as they existed in China and operated in conjunction with each other--were of overriding importance?

- **(11/9) Student presentation:** Justin Yi-fu Lin, "The Needham Puzzle, the Weber Question, and China's Miracle: Long-Term Performance since the Sung Dynasty" *China Economic Journal* 1.1 (2008).
- (11/11) Kenneth Pomeranz, "Political Economy and Ecology on the Eve of Industrialization: Europe, China, and the Global Conjuncture," *American Historical Review*, April 2002.
- (11/13) Avner Greif and Guido Tabellini, "Cultural and Institutional Bifurcation, China and Europe Compared," *American Economic Review*, 100 (2), May 2010.

Part V. Continuity and Change in the 20th century

15—The Failed Socialist Experiment (1949-76)

The Great Leap Forward (1959-61) was a socialist experiment intended to result in "greater, faster, better, and more economical results" but instead it created the largest man-made famine ever known. What do we know about the demographic consequences of this episode in history and its immediate causal factors?

- Naughton, pp. 43-53 and Ch. 3
- **Student presentation:** Xizhe Peng, "Demographic Consequences of the Great Leap Forward in China's Provinces", *Population and Development Review*, 13 (4) pp. 639-670.

16—Evaluation of the Reform Era (1978 to today)

What are the broader implications of Chinese or Asian paths of development for our understanding of economic growth in general? Why has China's growth since 1978 been so fast? Is it the product of reform, or can some of the gains be attributable to a return to historical trends? How might China's growth today be linked to historical factors we have surveyed in this course—for example, government attitudes, market incentives, household agricultural production, human capital, merchants and entrepreneurs, and the historical legacy of foreign trade? Is there an Asian development path that is distinct from the Western path?

- *Reading historical texts: documents of the CCP
- Loren Brandt, Debin Ma, and Thomas G. Rawski, "From Divergence to Convergence: Reevaluating the History Behind China's Economic Boom", *Journal of Economic Literature*, 2014, 52(1), 45-123.
- **Student presentation:** Dwight Perkins, "Completing China's Move to the Market," *Journal of Economic Perspectives*, 8(2), Spring 1994.
- **Student presentation:** John McMillan and Christopher Woodruff, "The Central Role of Entrepreneurs in Transition Economies," *Journal of Economic Perspectives*, 16(3), Summer 2002.
- **Student presentation:** Gordon H. Hanson, "The Rise of Middle Kingdoms: Emerging Economies in Global Trade," *Journal of Economic Perspectives*, 26(2), Spring 2012.
- Ken Pomeranz, "Is there an East Asian Development Path? Long-term Comparisons, Constraints, and Continuities," *Journal of the Economic and Social History of the Orient*, 44(3), 2001.